



# Memorandum

**TO:** RULES AND OPEN GOVERNMENT  
COMMITTEE

**FROM:** Kerrie Romanow

**SUBJECT:** SEE BELOW

**DATE:** January 6, 2015

Approved

Date

1/6/15

## SUPPLEMENTAL

**SUBJECT: UPDATE ON THE PHILLIPS 66 OIL TRAIN FACILITY PROPOSAL**

### REASON FOR SUPPLEMENTAL

The purpose of this memorandum is to provide an update on the proposed Phillips 66 oil train offloading facility project in San Luis Obispo County.

### RECOMMENDATION

Recommend City Council accept Councilmember Kalra's recommendation to oppose the Phillips 66 oil train proposal and provide comment at the San Luis Obispo's Planning Commission meeting on January 29, 2015.

### BACKGROUND

At the December 10, 2014 Rules Committee meeting, Councilmember Kalra brought forward a proposal for San José to oppose a proposed Phillips 66 oil train offloading facility in San Luis Obispo County. Councilmember Kalra's office sent a letter of opposition on November 20, 2014 (Attachment). The Rules Committee requested additional information on the approval process for this facility, project parameters and trade-offs in transporting oil.

### ANALYSIS

North America is in the midst of a shale-drilling boom that has overwhelmed the nation's pipeline network, causing a shift to transporting oil by rail. Oil train traffic has increased at least forty-two-fold since 2009. Over 415,000 railcar loads of oil were carried by rail last year. These oil trains share the tracks with passenger and other freight trains. Rail traffic is regulated by the California Public Utilities Commission in California, and the U.S. Department of Transportation

(U.S. DOT). State and federal governments are providing public assistance to enhance and encourage the transport of oil by train. Over \$84 million in grants were awarded last year. The U.S. DOT is also proposing measures to improve the safety of transporting oil by rail, including retirement or retrofitting older railcars, lower speed limits, and mandatory electronic railcar braking systems, but they are not yet adopted. Many local governments across the country have been raising concerns about the safety of their communities due to increased transport of oil by train on rails designed for passenger use, and with no notification to, or increased training of, local emergency responders.

The Phillips 66 proposed rail spur extension and crude unloading project in San Luis Obispo County is the first stage of processing for the Phillips 66 San Francisco Refinery in Contra Costa County. While the proposed project is limited to the refinery site in San Luis Obispo County which approximately 1,600 acres, it could have a local impact because the tar sands crude is proposed to be hauled by rail from Canada to Santa Maria, CA, processed, and then sent via pipeline back to the San Francisco Bay Area. The proposal would extend the railroad spur 6,915 feet, expand it to three lines, and construct a crude oil tank car unloading facility and related pipelines at the San Luis Obispo County site. As many as five trains with up to 80 tank cars, each carrying 26,000-28,000 gallons of crude oil (2.2 million gallons total) would arrive and be unloaded each week. These trains will travel through San José on their way to the San Luis Obispo County facility.

The most significant impact identified in the Revised Draft Environmental Impact Report (RDEIR) is accidents on the main rail line that could result in oil spills, fires, and explosions near populated areas. Using the safest tank car design mandated by the U.S. DOT could reduce that hazard, but San Luis Obispo County may be precluded from imposing that mitigation because it is federally regulated. Likewise, while the impacts on air quality could be significant, and could be reduced by requiring the use of Tier 4 locomotives, their use is federally regulated. The RDEIR did not evaluate the relative air quality or greenhouse gas emissions from transporting by train versus truck, from the source of the crude material in Canada and the Northern United States to the processing site. For example, truck tankers have approximately one-third the capacity of an individual rail car, but could be routed through less densely populated areas. Additional evaluation would also be needed to address any impacts from increased train traffic, pollution, or hazards in Bay Area and San José.

Eight local and state government agencies commented on the RDEIR. The San Luis Obispo Council of Governments and Arroyo Grande Grover Beach Chamber of Commerce support the facility. The California Department of Fish and Wildlife, City of San Luis Obispo, and the San Luis Obispo County Air Pollution Control District (SLOCAPCD) raised concerns. The City of San Luis Obispo requested additional funding for emergency response equipment and responder training, along with access to rail manifest information as mitigation measures. The SLOCAPCD described the review as inadequately evaluating the greenhouse gas emissions and toxic air emissions for the entire project area, which includes the transport to the facility from Canada, and the processing in the Bay Area in Contra Costa County. Scores of local residents and local and state environmental groups also provided comment.

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Since the project analysis did not consider any of the greenhouse gas emissions, air pollution, increased hazards, or the ability of local jurisdictions to respond to an emergency associated with the transport through San José, opposing the project as evaluated is recommended.

The comment period on the RDEIR closed on November 24, 2014. The San Luis Obispo County Planning Commission will hear the RDEIR on January 29, 2015. Public comment will be taken at that meeting, and Council would have the opportunity to have an official letter included as an attachment to the Planning Commission's agenda.

/s/

KERRIE ROMANOW

Director, Environmental Services

For more information, contact: Rene Eyerly, Sustainability and Compliance Manager, 408-975-2594

Attachment:

November 20, 2014 Letter from Councilmember Ash Kalra to San Luis Obispo County

November 20, 2014

Mr. Murry Wilson  
Department of Planning and Building  
San Luis Obispo County  
976 Osos Street, Room 300  
San Luis Obispo, CA 93408

Dear Mr. Wilson,

As a City of San José Councilmember, and immediate past Chair of the Bay Area Air Quality Management District, I am writing to you to express my concerns regarding the proposed Phillips 66 oil train offloading facility in San Luis Obispo County. This proposal will allow mile-long oil trains carrying millions of gallons of explosive, toxic crude oil in unsafe tank cars to travel through California every day, threatening the residents and families along the rail routes, and also threatening our environment and local water supplies. As a City Council representative of roughly 100,000 residents, in a City of over one million people, I am certain the Phillips 66 oil train project will pose significant and unacceptable risks to our community, and communities across California. The San Luis Obispo Planning Commission and Board of Supervisors must reject the Phillips 66 Santa Maria oil train proposal.

Our current rail system was designed to connect residents from different cities to and from their destinations, not to move hazardous crude oil. In the instance there is a derailment, spill and fire, anyone within a mile of a rail line is within the dangerous blast zone. This proposal will utilize a rail line that runs straight through the City of San José. Our emergency responders are not prepared for dangerous oil trains and current safety standards will not protect the public. The recirculated draft EIR dangerously misinforms first responders because it does not adequately assess the risks of an oil train disaster. How can we protect our constituents, especially the families who live within a mile of these train routes, if there is a spill? On July 6, 2013 an oil train derailed and exploded in Lac-Mégantic, Quebec, killing 47 people. As the oil industry moves more crude oil across the U.S. and Canada by rail, oil-train derailments, spills, and fires are on the rise.

Oil trains, such as the proposed Phillips 66 project, create toxic air pollution. Toxic chemicals leak out of tank cars into the air, polluting our local communities. In its latest environmental review, Phillips 66 admits that its proposed oil train facility will create "significant and unavoidable" levels of air pollution, including toxic sulfur dioxide and cancer-causing chemicals. The report cites increased health risks -- particularly for children and the elderly. What do these health risks include? They include cancer, heart disease, respiratory disease, and premature death. In addition, these oil trains will threaten California's water supplies. This proposal will bring oil trains through the San Francisco Bay-Delta watershed, and along California's central coast. Each oil train carries more than three million gallons of explosive, toxic crude oil. If there is a derailment near a river, stream, reservoir, or above a groundwater aquifer, this may result in contaminated drinking water for millions of Californians.



*Ash Kalra*  
COUNCILMEMBER  
DISTRICT 2

The safety of our community members, our health, and our environment, should not be taken lightly. I urge the San Luis Obispo County Planning Commission and Board of Supervisors to reject the Phillips 66 proposed rail spur. This project creates significant and unnecessary risks for our community.

Respectfully yours,

Councilmember Ash Kalra  
City of San José, District 2